## AMENDED IN SENATE JUNE 15, 1999

CALIFORNIA LEGISLATURE-1999-2000 REGULAR SESSION

## ASSEMBLY BILL

No. 1104

Introduced by Committee on Budget (Ducheny (Chair), Cardenas, Cedillo, Correa, Firebaugh, Florez, Keeley, Nakano, Papan, Reyes, Scott, Strom-Martin, Torlakson, Wildman, and Wright) Assembly Member Migden and Senators Hayden and Bowen

## February 25, 1999

An act relating to natural resources, and declaring the urgency thereof, to take effect immediately. An act to amend Section 13385 of, and to add Sections 13263.3, 13263.6, and 13362 to, the Water Code, relating to water.

## LEGISLATIVE COUNSEL'S DIGEST

- AB 1104, as amended, Committee on Budget Migden. Natural resources: Budget Act of 1999 Water quality: waste discharge requirements and penalties.
- (1) Under existing law, the State Water Resources Control Board and the California regional water quality control boards are among the principal agencies with primary regulatory authority over water quality.

This bill, under specified circumstances, would authorize the state board, a regional board, or a publicly owned treatment works (POTW) to require a discharge or industrial discharger, as defined, subject to its jurisdiction to complete a prescribed pollution prevention plan. The bill would authorize a regional board to require a POTW to complete a AB 1104 — 2 —

pollution prevention plan with specified components, thereby imposing a state-mandated local program. The bill would require the state board or regional board to solicit comments from the public on a pollution prevention plan prepared pursuant to these provisions and to address the public comments when determining what schedule of actions to establish. The bill would authorize a POTW to require pollution prevention plans as part of the pretreatment requirements applicable to significant industrial users. The bill would require the state board or a regional board to prescribe effluent limitations as part of the waste discharge requirements of a POTW for specified substances.

(2) Existing law subjects any person who violates prescribed provisions of the Clean Water Act or the Porter-Cologne Water Quality Control Act to civil liability, as prescribed.

This bill would require liability to be assessed in connection with a violation of those provisions at a level that recovers the economic benefits, if any, derived from the acts that constitute the violation. The bill would require a mandatory minimum penalty of \$3,000 to be assessed under prescribed circumstances. The bill would provide that negligence on the part of the state or the United States is not a defense to liability for any discharge caused by the discharger's own negligence. The bill would require the State Water Resources Control Board to report annually to the Legislature regarding its enforcement activities, as specified.

(3) The California Constitution requires the state reimburse local agencies and school districts for certain costs state. Statutory provisions mandated bν theprocedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other for claims whose statewide procedures costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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Prior Budget Acts have authorized the expenditure of funds for natural resources.

This bill would state the intent of the Legislature in enacting the bill to make the necessary statutory changes to implement the Budget Act of 1999 relative to funding for natural resources.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$  majority. Appropriation: no. Fiscal committee: no ves. State-mandated local program: no yes.

The people of the State of California do enact as follows:

SECTION 1. It is the intent of the Legislature in 2 enacting this act to make the necessary statutory changes

SECTION 1. It is the intent of the Legislature that the 4 State Water Resources Control Board review and resolve 5 identified problems with permitting, enforcement, and 6 water quality monitoring activities undertaken by the state board and the regional water quality control boards 8 for the purposes of protecting the public health and 9 improving the quality of the environment. In particular, 10 it is the intent of the Legislature that the state board and 11 the regional boards carry out the Clean Water Act (33 12 U.S.C. 1251 et seq.) and the Porter-Cologne Water

- 13 Quality Control Act (Div. 13 (commencing with Sec.
- 14 13000), Wat. C.) by ensuring compliance with permit
- 15 requirements and taking enforcement action in a timely
- 16 manner when violations are found.

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- 17 SEC. 2. The Legislature finds and declares all of the 18 *following:*
- (a) The State Water Resources Control Board and the 20 regional water quality control boards have identified 21 numerous water bodies throughout the state that are not 22 meeting water quality standards.
- (b) The sources of water quality impairments in 23 24 California are diverse and include nonpoint sources such 25 as agricultural, forestry, and urban dry weather and 26 stormwater runoff, residential onsite sewage disposal systems, and boats and marinas, and point sources such as

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industrial discharges and municipal publicly owned treatment works (POTWs).

- (c) The state board and the regional boards prescribe 4 waste discharge requirements to regulate discharges by 5 point sources.
- (d) Recent investigations indicate that current 7 enforcement efforts of the state board and the regional 8 boards may not be achieving full compliance with waste discharge requirements in a timely manner, and that 10 swift and timely enforcement of waste 11 requirements will assist in bringing the state's waters into 12 compliance and will ensure that violators do not realize 13 economic benefits from noncompliance.
- (e) To attain water quality standards in the state's 15 waters, additional efforts are also needed to control 16 threats to the health of the state's waters that are posed 17 by nonpoint sources of pollution.
- SEC. 3. Section 13263.3 is added to the Water Code, to 18 19 *read*:
- 13263.3. (a) The Legislature finds and declares that 21 pollution prevention should be the first step in a 22 hierarchy for reducing pollution and managing wastes, 23 and to achieve environmental stewardship for society. 24 The Legislature also finds and declares that pollution 25 prevention is necessary to achieve the federal goal of zero 26 discharge of pollutants into navigable waters.
- (b) (1) For the purposes of this section, "pollution 28 prevention" means any action that causes a net reduction 29 in the use or generation of a hazardous substance or other 30 pollutant that is discharged into water and includes any 31 *of the following:*
- (A) "Input change," which means a change in raw 33 materials or feedstocks used in a production process or 34 operation so as to reduce, avoid, or eliminate the generation of pollutants discharged in wastewater.
- (B) "Operational improvement," 36 which 37 improved site management so as to reduce, avoid, or 38 eliminate the generation of pollutants discharged in wastewater.

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(C) "Production process change," which means a change in a process, method, or technique that is used to produce a product or a desired result, including the 4 return of materials or their components for reuse within the existing processes or operations, so as to reduce, avoid, or eliminate the generation of pollutants discharged in wastewater.

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- (D) "Product reformulation," which means changes 9 in design, composition, or specifications of end products, 10 including product substitution, so as to reduce, avoid, or eliminate the generation of problem pollutants discharged in wastewater.
- (2) For the purposes of this section, "pollution 14 prevention" does not include actions that merely shift a 15 pollutant inwastewater from one environmental 16 medium to another environmental medium, unless clear environmental benefits of such an approach 18 demonstrated.
- (c) (1) For the purposes of this section, "discharger" 20 means any entity required to obtain a national pollutant discharge elimination system (NPDES) permit pursuant 22 to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.), or any 23 entity subject to the pretreatment program as defined in 24 Part 403 (commencing with Section 403.1) of subchapter 25 N of Chapter 1 of Part 403 of Title 40 of the Code of 26 Federal Regulations.
  - (2) For the purposes of this section, "industrial discharger" means any discharger other than a publicly owned treatment works (POTW).
  - (d) (1) The state board, a regional board, or a POTW may require a discharger subject to its jurisdiction to complete a pollution prevention plan if any of the following apply:
- 34 (A) A discharger is determined to be a chronic violator 35 and the board or the POTW determines that pollution 36 prevention could achieve compliance.
- (B) The discharger contributes, or has the potential to 37 contribute, to the formation of a toxic hot spot as defined in Section 13391.5.

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(C) The discharger discharges a pollutant for which the practical the permitted level is lower than quantification limit and the state board, a regional board, or the POTW determines that additional reductions of 5 the pollutant are necessary.

- (D) The board determines pollution prevention necessary to achieve a water quality objective.
- (2) The state board, a regional board, or a POTW may 9 require an industrial discharger subject to its jurisdiction 10 to complete a pollution prevention plan that includes all of the following:
- (A) An analysis of the pollutants that the facility 13 discharges into water or introduces into POTWs, a 14 description of the sources of the pollutants, and a 15 comprehensive review of the processes used by the 16 discharger that result in the generation and discharge of 17 the pollutants.
- (B) An analysis of the potential for pollution 19 prevention to reduce the generation of the pollutants, 20 including the application of innovative and alternative 21 technologies and any adverse environmental impacts 22 resulting from the use of those methods.
- (C) A detailed description of the tasks and time 24 schedules required to investigate and implement various 25 elements of pollution prevention techniques.
- discharger's (D) A statement of the pollution 27 prevention goals and strategies, including priorities for short-term and long-term action.
  - description the discharger's of pollution prevention activities for the immediate future.
- (F) A description of the discharger's existing pollution 32 prevention methods.
- (G) A statement that the discharger's existing and 34 planned pollution prevention strategies do not constitute 35 cross-media pollution transfers, and information that 36 *supports that statement.*
- (H) Toxic chemical release data for those dischargers 37 38 subject to Section 313 of the Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C. Sec. 39 40 11023).

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(I) Proof of compliance with the Hazardous Waste Source Reduction and Management Review Act of 1989 (Article 11.9 (commencing with Section 25244.12) of 4 Chapter 6.5 of Division 20 of the Health and Safety Code) if the discharger is also subject to that act.

(J) An analysis of the relative costs and benefits of the possible pollution prevention activities.

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- (3) A regional board may require a POTW to complete 9 a pollution prevention plan that includes all of the 10 *following:* 
  - (A) An estimate of all of the sources of a pollutant contributing, or potentially contributing, to the loadings of a pollutants in the treatment plant influent.
- (B) An analysis of the methods that could be used to 15 prevent the discharge of the pollutants into the POTW, 16 including application of local limits to industrial or 17 commercial dischargers regarding pollution prevention 18 techniques, public education and outreach, or other approaches alternative 19 innovative and to reduce 20 discharges of the pollutant to the POTW. The analysis also 21 shall identify sources, or potential sources, not within the ability or authority of the POTW to control, such as the potable 23 pollutants in water supply, airborne 24 pollutants, pharmaceuticals, or pesticides, and estimate 25 the magnitude of those sources, to the extent feasible.
- (C) An estimate of load reductions that may be 26 27 attained through the methods identified in subparagraph 28 (B).
- (D) A plan for monitoring the results of the pollution 30 prevention program.
- (E) A description of the tasks, cost, and time required 32 to investigate and implement various elements in the pollution prevention plan.
- 34 (F) A statement of the POTW's pollution prevention 35 goals and strategies, including priorities for short-term 36 and long-term action, and a description of the POTW's 37 intended pollution prevention activities for immediate future. 38
- 39 (G) A description of the POTW's existing pollution 40 prevention programs.

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(H) An analysis, to the extent feasible, of any adverse environmental impacts, including cross-media impacts or chemicals, substitute that may result from implementation of the pollution prevention program.

- (I) An analysis, to the extent feasible, of the costs and 5 6 benefits that may be incurred to implement the pollution prevention program.
- (e) The state board or the regional board may establish 9 a schedule of actions identified in the pollution 10 prevention plans for the discharger.
- (f) The state board or regional board shall solicit 12 comments from the public on a pollution prevention plan 13 prepared pursuant to this section and address the public 14 comments when determining what schedule of actions, if 15 any, to establish for the discharger pursuant to this 16 section.
- (g) The state board and regional boards shall make the 18 pollution prevention plans available for public review, except to the extent that information is classified as 20 confidential because it is a trade secret. Trade secret 21 information shall be set forth in an appendix that is not available to the public.
- (h) Any costs incurred by the state board or a regional 24 board resulting from actions required by this section shall 25 be paid for from revenue generated by the fees imposed 26 by Section 13260.
- (i) The state board or regional board may assess civil 28 penalties pursuant to Section 13385 against a discharger 29 for failure to complete a pollution prevention plan 30 ordered by the state board or a regional board, or for failure to comply with a schedule of actions ordered by the state board or a regional board pursuant to this section.
- 34 (j) A POTW may assess civil penalties and civil 35 administrative penalties pursuant to Sections *54740*. 36 54740.5, and 54740.6 of the Government Code against an 37 industrial discharger for failure to complete a pollution 38 prevention plan when ordered by the POTW, for submitting a plan that does not comply with the act, or for 40 failure to comply with a schedule of actions ordered by

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the POTW pursuant to this section, unless the regional board has assessed penalties for the same action.

(k) A discharger may change its pollution prevention plan, including withdrawing from a pollution prevention 5 measure approved by the state board, a regional board, 6 or a POTW, if the discharger determines that the measure will have a negative impact on product quality, the safe operation of the facility, or the environmental aspects of the facilities operation, and the discharger 10 demonstrates to the board or the POTW an alternative measure that achieves that same pollution prevention objective.

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- (l) The state board shall adopt a format to be used by 14 dischargers for completing the plan required by this section. The format shall address all of the factors the 16 discharger is required to include in the plan. The board may include any other factors determined by the board 18 to be necessary to carry out this section. The adoption of the format pursuant to this section is not subject to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.
- 22 SEC. 4. Section 13263.6 is added to the Water Code, to 23 read:
- 13263.6. (a) A publicly owned treatment works 25 (POTW) may require pollution prevention plans as described in Section 13263.3 as part of the pretreatment requirements applicable to significant industrial users.
- (b) The state board or a regional board shall prescribe effluent limitations as part of the waste discharge requirements of a POTW for all substances that the most recent toxic chemical release data reported to the state emergency response commission pursuant to Section 313 of the Emergency Planning and Community Right to 34 Know Act of 1986 (42 U.S.C. Sec. 11023) indicate are discharged into the POTW and that the state board or a 36 regional board has determined has the reasonable 37 potential to impair water quality.
- SEC. 5. Section 13362 is added to the Water Code, to 38 *39 read:*

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13362. A publicly owned treatment works (POTW) 2 with an approved pretreatment program may conduct inspections in accordance with the provisions of Sections 403.8(f)(1)(v) and 403.8(f)(2)(v) of Title 40 of the Code 5 of Federal Regulations and assess and collect civil 6 penalties and civil administrative penalties in accordance with Sections 54740, 54740.5, and 54740.6 of the Government Code, with regard to all dischargers of industrial waste to the POTW.

- SEC. 6. Section 13385 of the Water Code is amended 10 11 to read:
- 12 13385. (a) Any person who violates any of the 13 following shall be liable civilly in accordance with subdivisions (b), (c), (d), (e), and (f) this section:
  - (1) Section 13375 or 13376.

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- (2) Any waste discharge requirements or dredged and fill material permit.
- (3) Any requirements established pursuant to Section 18 19 13383.
- (4) Any order or prohibition issued pursuant Section 13243 or Article 1 (commencing with Section 21 13300) of Chapter 5, if the activity subject to the order or prohibition is subject to regulation under this chapter.
  - (5) Any requirements of Section 301, 302, 306, 307, 308, 318, or 405 of the Federal Water Pollution Control Act, as amended.
- (6) Any requirement imposed in a pretreatment 28 program approved pursuant to waste discharge requirements issued under Section 13377 or approved pursuant to a permit issued by the administrator.
- (b) Civil liability may be imposed by the superior 32 court in an amount not to exceed the sum of both of the 33 following:
- (1) Twenty-five thousand dollars (\$25,000) for each 35 day in which the violation occurs.
- (2) Where there is a discharge, any portion of which is 37 not susceptible to cleanup or is not cleaned up, and the volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed twenty-five 40 dollars (\$25) times multiplied by the number of gallons

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by which the volume discharged but not cleaned up exceeds 1,000 gallons.

The Attorney General, upon request of a regional board or the state board, shall petition the superior court to impose the liability.

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- (c) Civil liability may be imposed administratively by the state board or a regional board pursuant to Article 2.5 (commencing with Section 13323) of Chapter 5 in an amount not to exceed the sum of both of the following:
- (1) Ten thousand dollars (\$10,000) for each day in 11 which the violation occurs.
- (2) Where there is a discharge, any portion of which is 13 not susceptible to cleanup or is not cleaned up, and the 14 volume discharged but not cleaned up exceeds 1,000 gallons, an additional liability not to exceed ten dollars 16 (\$10) times multiplied by the number of gallons by which the volume discharged but not cleaned up exceeds 1,000 gallons.
  - (d) For purposes of subdivisions (b) and (c), the term "discharge" includes any discharge to navigable waters of the United States, any introduction of pollutants into a publicly owned treatment works, or any use or disposal of sewage sludge.
- (e) In determining the amount of any liability 25 imposed under this section, the regional board, the state 26 board, or the superior court, as the case may be, shall take account the nature, circumstances, extent, gravity of the violation, and, with respect to the violator, 29 the ability to pay, any prior history of violations, the 30 degree of culpability, economic benefit or savings, if any, 31 resulting from the violation, and other matters that 32 justice may require. At a minimum, liability shall be assessed at a level that recovers the economic benefits, if 34 any, derived from the acts that constitute the violation.
- (f) For purposes of this section, a single operational 36 upset which that leads to simultaneous violations of more than one pollutant parameter shall be treated as a single violation.
- 39 (g) Remedies under this section are in addition to, and do not supersede or limit, any other remedies, civil or

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criminal except that no liability shall be recoverable under Section 13261, 13265, 13268, or 13350 for violations for which liability is recovered under this section.

- (h) The Attorney General, upon request of a regional 5 board or the state board, shall petition the appropriate court to collect any liability imposed pursuant to this section. Any person who fails to pay on a timely basis any liability imposed under this section shall be required to pay, in addition to that liability plus interest, attorneys' 10 fees and costs for collection proceedings and a quarterly nonpayment penalty for each quarter during which the failure to pay persists. The nonpayment penalty shall be 13 in an amount equal to 20 percent of the aggregate amount 14 of the person's liability and nonpayment penalties which are unpaid as of the beginning of the quarter.
  - (i) Funds collected pursuant to this section shall be paid to the State Water Pollution Cleanup and Abatement Account.
- (h) (1) Notwithstanding any other provision of this division, mandatory minimum penalty thousand dollars (\$3,000) shall be assessed for the first serious violation in any 180-day period, except that in lieu 23 of assessing that penalty the state board or the regional 24 board may elect to require the discharger to spend an 25 amount equal to the penalty to mitigate the subject waste discharge, or to develop a pollution prevention plan.
- (2) For the purpose of this section, a serious violation 28 means any waste discharge that exceeds the effluent 29 limitations for a Group II pollutant, as specified in 30 Appendix A to Section 123.45 of Title 40 of the Code of 31 Federal Regulations, by 20 percent or more or for a Group 32 I pollutant, as specified in Appendix A to Section 123.45 of Title 40 of the Code of Federal Regulations, by 40 34 percent or more.
- (i) Notwithstanding any other provision this *minimum mandatory* 36 division, penalty three thousand dollars (\$3,000) shall be assessed for 37 each violation if either of the following applies:
- (1) The person commits two or more serious violations 39 in any 180-day period. 40

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(2) The person does any of the following four or more times in any 180-day period:

- (A) Exceeds a waste discharge requirement effluent limitation.
  - (B) Fails to file a report pursuant to Section 13260.
- (C) Files an incomplete report pursuant to Section 13260.
- (j) Mandatory penalties shall not be assessed under this section if the violations are caused by one or any *combination of the following:* 
  - (1) An act of war.

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- (2) An unanticipated, grave natural disaster or other 13 natural phenomenon of an exceptional, inevitable, and 14 irresistible character, the effects of which could not have 15 been prevented or avoided by the exercise of due care or 16 foresight.
- (3) An intentional act of a third party, the effects of 18 which could not have been prevented or avoided by the exercise of due care or foresight.
- (k) The Attorney General, upon request of a regional 21 board or the state board, shall petition the appropriate 22 court to collect any penalty imposed pursuant to this 23 section. Any person who fails to pay on a timely basis any 24 penalty imposed under this section shall be required to 25 pay, in addition to that penalty, interest, attorneys' fees, 26 costs for collection proceedings, and a 27 nonpayment penalty for each quarter during which the 28 failure to pay persists. The nonpayment penalty shall be 29 in an amount equal to 20 percent of the aggregate amount 30 of the person's penalty and nonpayment penalties that are unpaid as of the beginning of the quarter.
- (l) Funds collected pursuant to this subdivision shall 33 be deposited in the State Water Pollution Cleanup and 34 Abatement Account.
- 35 (m) (1) Notwithstanding Section 7550.5 the 36 Government Code, the state board shall report annually 37 to the Legislature regarding its enforcement activities. *The reports shall include all of the following:* 38
- (A) A compilation of the number of violations of waste 39 discharge requirements in the previous year.

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- (B) A record of the enforcement actions taken for each violation.
- 3 (C) An analysis ofeffectiveness the of current enforcement policies. 4
- 5 (D) Recommendations, if any, necessary for 6 improvements toenforcement theprogram the following year.
- (2) The report shall be submitted to the Chairperson of the Assembly Committee on Environmental Safety 10 and Toxic Materials and the Chairperson of the Senate Committee on Environmental Quality on March 1 of each year. 12
- (n) Negligence on the part of the state, the United 14 States, or any department or agency thereof, shall not be a defense to liability imposed pursuant to this section for 16 any discharge caused by the discharger's own negligence.
- 7. Notwithstanding Section 17 17610 18 Government Code, if the Commission on State Mandates 19 determines that this act contains costs mandated by the reimbursement to local agencies 21 districts for those costs shall be made pursuant to Part 7 22 (commencing with Section 17500) of Division 4 of Title 23 2 of the Government Code. If the statewide cost of the 24 claim for reimbursement does not exceed one million 25 dollars (\$1,000,000), reimbursement shall be made from 26 the State Mandates Claims Fund.
- to implement the Budget Act of 1999 relative to funding 28 for natural resources.
- SEC. 2. This act is an urgency statute necessary for the 29 30 immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts 32 33 constituting the necessity are:
- 34 In order to make statutory changes to implement the 35 Budget Act of 1999 as soon as possible, it is necessary that 36 this act take effect immediately.